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**Angela Boston**

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**From:** KAREN.BRINKMANN@LW.com**Sent:** Tuesday, February 21, 2006 4:35 PM**To:** Jonathan Adelstein; Scott Bergmann; Ian Dillner; Jessica Rosenworcel; Dana Shaffer; Thomas Navin; Donald Stockdale; Steve Morris**Cc:** KAREN.BRINKMANN@LW.com**Subject:** Phantom Traffic Ex Parte Notice

01-92

Attached is an *ex parte* notice that was filed in docket 01-92 reflecting our Phantom Traffic discussions last week. Thanks again for taking the time to meet with the Midsize Carriers. As discussed, Balhoff & Rowe will be calling to set up a follow-up meeting with the Pricing Division staff to answer any questions they may have. Please let me know if you need any additional information.

Best regards,

Karen Brinkmann

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APR - 3 2006

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&lt;&lt;MSCC Talking Points 2-14-06.pdf&gt;&gt; &lt;&lt;MSCC FCC Ex Parte 2-14-06 (3).pdf&gt;&gt; &lt;&lt;MSCC 2-20-06 ex parte ltr.pdf&gt;&gt;

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3/31/2006

## **Midsized Carriers' Phantom Traffic Proposal**

- The nature of the problem is not disputed
  - Traffic is being intentionally or inadvertently stripped of standard information identifying the originating carrier and location
  - This information is essential to proper billing for termination and transiting
  - This information also helps ensure traffic is routed properly, and billed properly
  - Revenues are not recoverable as a result
- The FCC has a fundamental interest in "truth in labeling"
  - To protect consumers
  - For competitive neutrality
  - As a necessary tool for enforcement of inter-carrier compensation rules
- The need for quick resolution also is not in dispute
  - Most parties agree that solving Phantom Traffic problems is a necessary first step in any inter-carrier compensation reform
  - This is a growing problem, as new entities send more traffic to PSTN
- The Midsized Carriers have proposed a simple set of non-controversial rules
  - All originating carriers should identify the calling party
  - All originating carriers should identify the location where the call originated
  - No carrier should delete or modify information received from a prior carrier
  - All carriers should properly route traffic
  - Intermediate carriers should provide proper billing records
  - The FCC should enforce these rules by quickly investigating complaints
- Clear and fair rules, uniformly enforced, will help solve phantom traffic problems
  - Most carriers are complying with these requirements today
  - Some new competitors, such as VOIP providers, would be covered by these rules, but they have the technical capability to comply
  - In case of technical infeasibility, a carrier may seek a waiver of the rule
  - These rules won't solve every type of phantom traffic but will help carriers capture the bulk of minutes that are unbillable today
- Federal rules will not involve the FCC in enforcement of intrastate charges



# *Phantom Traffic: Understanding the Proposals*

Mid-Size Carriers  
FCC Meetings  
February 14, 2006

### ■ Update the Commission

- The existence of a phantom traffic problem is not disputed
- The Midsize Carriers have proposed simple, clear and non-controversial rules
- The FCC should quickly adopt federal rules to:
  - Reduce anti-competitive arbitrage
  - Enable capture of revenues supporting networks
  - Safeguard consumers
  - Establish a basis for comprehensive ICC reform



- Phantom traffic is a growing industry issue; clear traffic labeling and routing rules are needed
- Mid-Size carriers have been active in promoting understanding of the problem and potential solutions
- Many industry participants have commented on this issue; despite differences of opinion on how to resolve the issue, there is much common ground
- The common message is clear – we need the FCC to move quickly to enact clear and enforceable labeling and routing rules to address phantom traffic arbitrage

## *Definition of Problem*

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- Phantom traffic

- Underbilled or unbillable calls

- Purposefully masking the labeling
    - Inadvertent omissions by some carriers – transiting records
    - Problem if terminating carrier does not have billing information

- Misrouted traffic

- Non-local traffic terminating over EAS trunks
    - Not routing according to the LERG or pursuant to an agreement with the terminating carrier

- Need for clear and fair complaint procedures

- Large & small carriers agree there is a problem

## *Understanding Common Messages*

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- Virtually all ILECs agree phantom traffic . . .
  - Billing problems concern efficiently identifying . . .
    - Originating carrier
    - Jurisdiction
    - Transport / routing
  - Labeling is not, or cannot be, read properly
  - Generally passed through an intermediate carrier
  - 20% of traffic may be affected
- Fundamentally about “truth in labeling”
- Consumer interest/public safety concerns
- Solutions must produce accurate billing records, enhanced signaling, and proper routing

# Understanding the Differences

<i>Issue</i>	<i>Mid-Size Proposal</i>	<i>Other Views</i>	<i>Rural Rationale</i>
Scope	Applies to all telecom traffic identified in §§ 51.701(b)(1) and (2), all access and traffic based on telephone NANPA numbers assigned to customers	Other proposals do not define "carriers" as broadly, but Verizon requires that originating carrier include CPN on calls from info service providers	Carriers seek payment for use of their network and want to gain efficient access to billing info
Labeling by originating carriers	Duty of originating carrier to transmit jurisdiction info (JIP) and either or both of CPN or CN, or if unable, to transmit automatic number identification (ANI)	Some carriers want to add "where technically feasible," eliminate CPN from certain calls, and want to eliminate JIP	Should seek FCC waiver rather than automatic tech-feasibility exception; CPN and CN should be sent if they differ; defining jurisdiction remains issue
Intermediate carriers	FCC should require <i>intermediate</i> carriers to forward all call origination info received in signaling without modification	Others propose "where technically feasible," the intermediate carrier shall transmit unaltered CPN and CN, if any	No broad exception for technical infeasibility; could accept exception related to call forwarding (required altering of CN or CPN)
Routing obligations	FCC should require carriers to route according to LERG to comply with jurisdictional parameters unless alternate agreements exist	Verizon suggests clarifying obligation of N-1 carrier to query the LNP database	Need to fully resolve the routing problems and querying the database is not enough
Enforcement	Specific complaint procedures are defined in proposal	No comparable provisions	Problems appear to be growing



## *Few Substantive Differences*

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- Provision of JIP – wireless concerns . . .
  - How will JIP be used?
    - JIP is a data point in proper billing; not solely determinative if wireless carrier routes elsewhere to a wireline switch
    - Problem where wireline switch is not same jurisdiction as cell site
  - Will additional investment be required?
    - No—capability already exists for wireless carriers w/ SS7
  - Is the requirement onerous?
    - Many wireless carriers already provide the JIP parameter
    - Simply a matter of turning on the signaling capability
- “Technical Feasibility” exemptions
  - Risks in providing an automatic exemption
  - Exemption should be granted only upon an affirmative showing

- Extensive discussions with other industry participants
  - Attempt to further clarify insights/differences
  - Negotiate and develop consensus where possible
  - Sharpen data about rationale for specific differences
  - Widespread support among mid-size/small carriers
- Ongoing discussions with FCC
  - To clarify data and problems
  - Fundamental elements of solutions
  - Bright-line choices for FCC

## *Call to Action*

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- Phantom traffic will continue to increase absent specific rules to resolve the problem
- The FCC has the proper jurisdiction and legal authority to enact rules to resolve phantom traffic now
- The Commission should move quickly to enact clear and enforceable labeling and routing rules
- Greater accountability for use of the network is needed in order to protect consumers and ensure network viability longer term

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February 20, 2006

### **BY ELECTRONIC FILING**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street, SW  
Washington, DC 20554

Re: CC Docket 01-92 -- Ex Parte Presentation

Dear Ms. Dortch:

On Tuesday, February 14, Karen Puckett and Jeff Glover of CenturyTel, Ed Krachmer of Iowa Telecom, Mike Balhoff and Bob Rowe of Balhoff & Rowe, and I, joined via telephone by Brenda Gerstemeier of Consolidated Communications, John McCallister of CenturyTel, and Brad Williams of Balhoff & Rowe, discussed the above-captioned docket with: Commissioner Adelstein and Scott Bergmann, Ian Dillner of the Chairman's office, Dana Shaffer of Commissioner Tate's office, and Tom Navin, Don Stockdale and Steve Morris of the Wireline Competition Bureau. On Wednesday, February 15, Mike Balhoff and Bob Rowe met with Jessica Rosenworcel to discuss the same docket. The subject of these meetings was the midsize carriers' proposal filed December 5, 2005 in this docket for FCC enforcement of rules governing "phantom traffic." The enclosed materials were distributed at the meetings, and summarize the presentations we made. Please direct any questions concerning this matter to me.

Very truly yours,

*/s/ Karen Brinkmann*

### Enclosures

cc: Commissioner Jonathan Adelstein  
Scott Bergmann  
Ian Dillner  
Jessica Rosenworcel  
Dana Shaffer  
Tom Navin  
Don Stockdale  
Steve Morris